

Assigned DOGM File No.: S / 015 / 0075

DOGM Lead: _____

Permit Fee \$ _____ Ck # _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" means mining operations which disturb five or less surface acres at any given time.

I. GENERAL INFORMATION (Rule R647-3-104)

1. **Name of Mine:** San Rafael-Kimball Draw Quarry
2. **Name of Entity Applying for Permit:** United States Gypsum Company
Contact (Authorized Officer): Bruce Allen (Plant Manager)
Address: 81 North State Street
City, State, Zip: Sigurd, UT 84657
Phone: 435-896-2400 **Fax:** 435-896-2407
E-mail Address: ballen@usg.com

Entity is a: Corporation ☒ LLC ☐ Sole Proprietorship (dba) ☐
Partnership ☐ General _____ or _____ limited
Individual ☐ Other ☐ - specify type) _____

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? ☒ Yes ☐ No

Entity # 599137-0143

Local Business License # 1110

Issued by: County Sevier or City _____

Registered Utah Agent (as identified with the Utah Department of Commerce):
Name: CT Corporation System

Address: 136 East South Temple, Ste 2100

City, State, Zip: Salt Lake City, UT 84111

Phone: _____ Fax: _____

E-mail Address: _____

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

3. **Entities Representative (if different from #2)**

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

4. **If Partnership or Sole Proprietor:**
Name of 1st partner / Sole Proprietor:

Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Partnership:

Name of 2nd Partner: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Corporation:

Name of Officers:	James S Metcalf	Title: Pres. & COO
	Richard H Fleming	Title: Sr VP & CFO
	Stanley L Ferguson	Title: Assoc. General Counsel
	Karen L Leets	Title: VP & Treasurer

If Limited Liability Company: Member Managed ☐ Manager Managed ☐

Name of 1st Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name of 2nd Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Name of 3rd Member/Manager: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

5. **Ownership of Land Surface:**

Private (Fee) ☐ Public Domain (BLM) ☒ National Forest (USFS) ☐
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): _____

Name _____ Address _____
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

6. **Ownership of Minerals:**

Private (Fee) ☐ Public Domain (BLM) ☒ National Forest (USFS) ☐
State Trust Land/School Sections ☐ State Sovereign Lands ☐
Other (please describe): _____

Name _____ Address _____
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____

BLM Claim Numbers 336124

Utah State Lease Number(s): _____

Name of Lessee(s) _____

7. **Have the above surface and mineral owners been notified in writing?**

Yes X No _____

If no, why not? _____

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes X No _____

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

II. **PROJECT LOCATION & MAP (Rule R647-3-105)**

1. **Project Location** (legal description):

County(ies): Emery

SW 1/4, of SE 1/4, of NW 1/4: Section: 022 Township: 23S Range: 8E
 1/4, of 1/4, of 1/4: Section: Township: Range:
 1/4, of 1/4, of 1/4: Section: Township: Range:

UTM East 497813 (if known) UTM North 4294195 (If known)

Name of Quad Map for Location: USGS Big Bend Draw 1:24000

2. An accurate topographic base map showing the location of the proposed small mining operation must be submitted with this notice. The areas to be disturbed including access roads, must be plotted in sufficient detail so that they can be located on the ground. It is recommended that the Permittee / Operator also photo document, plot and label any pre-existing disturbances in the immediate vicinity that he is not responsible for.
3. The proposed (5 acre or less) disturbed area boundary (including access/haul roads) **should** be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. **OPERATION PLAN (Rule R647-3-106)**

1. **Type of mining:** Surface ☒ Underground ☐

2. **Mineral(s) to be mined:** Gypsum

3. **Amount of material to be extracted, moved or proposed to be moved:** approx.
~~3,200 cubic yards soils and rock for reclamation recontouring~~

4. **Will any water, liquid chemicals, reagents, or other solutions be used, produced or discharged as part of the mining or milling process?**

Yes ☐ No ☒ If yes, please describe (add extra pages if needed)

5. **Provide a brief description of the proposed mining operation and onsite processing facilities** (add extra pages if necessary).

This quarry is being closed and reclaimed; attached is a brief
description of the operations.

6. ☐ **New Road(s):** Length (ft) Width (ft)

7. ☐ **Improved Road(s):** Length (ft) Width (ft)

8. Total project surface acreage to be disturbed: 0.67 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount – see #VI).
9. Proposed startup date of project (month, year) December 2006
10. Proposed completion date of project, if known (month, year) December 2007

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.ut.gov.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.
11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Yes ☐ No ☒

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. A variance shall be granted if the alternative method or measure proposed will be consistent with the Act.

APPROVED

APR 25 2007

1st Variance Requested

Item #

Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification:

Alternate methods or measure to be utilized:

2nd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

3rd Variance Requested

Item #

Applicable Rule #

Justification:

Alternate methods or measure to be utilized:

Attach additional page if more variances are requested.

VI. **SURETY** (Act 40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations.

The Utah Mined Land Reclamation Act (40-8-7 (1)[c] and 40-8-14 provides the authority that all mining operations furnish and maintain reasonable surety to guarantee that the land affected is reclaimed according to accepted *notices* consistent with on-site conditions.

The surety amount is based on the nature, extent and duration of operations. *The surety amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions.*

Surety for small mines sites will be escalated three (3) years to the future. Contact the Division for dollar amount required for this project.

I have provided or will provide surety in the form of:

☐ Certificate of Deposit

☐ Letter of Credit

☒ Surety Bond

☐ Cash (certified funds)

☐ Other _____ (please identify)

VII. **PERMIT FEE** [Mined Land Reclamation Act 40-8-7(1)(i)]

The Utah Mined Land Reclamation Act of 1975 [40-8-7(1)(i)] provides the authority for the assessment of permitting fees. Commencing with the 1998 fiscal year (July 1 - June 30), permit fees are assessed to new and existing notices of intention, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

Small Mine Notices require a \$150.00 fee which must accompany this application or it cannot be processed by the Division.

NOTICE: The following person(s) are authorized and designated to receive Notices of Violations, Cessation Orders and all other Notices required by the Division to be given to the permittee or operator:

Name: Bruce Allen (Plant Manager)
Address: 81 North State Street
City, State, Zip: Sigurd, UT 84657
Phone: 435-896-2400 Fax: 435-896-2407
E-mail Address: ballen@usg.com

Name: Clint Hattaway (Quarry Manager)
Address: 81 North State Street
City, State, Zip: Sigurd, UT 84657
Phone: 435-896-2400 Fax: 435-896-2407
E-mail Address: chattaway@usg.com

VIII. SIGNATURE REQUIREMENT

(Please check the box and place your initials on the line provided)

- ☐ I have enclosed the required permit fee.
- ☐ I have enclosed a complete Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.
- ☐ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- This certification must be executed by an executive officer if the applicant is a corporation; by a partner if applicant is a partnership (general or limited); owner if applicant is a sole proprietorship; member or manager if applicant is a limited liability company.

Signature: Stanley L. Ferguson

Date: 3/27/07

Name (typed or printed): STANLEY L. FERGUSON

Title/Position (if applicable): General Counsel

APPROVED

O:\FORMS\notices\mr-smo-2005.doc

APR 25 2007 Page 7

Amendment Attachment 1.

PROJECT LOCATION AND MAP

APPROVED

APR 25 2007

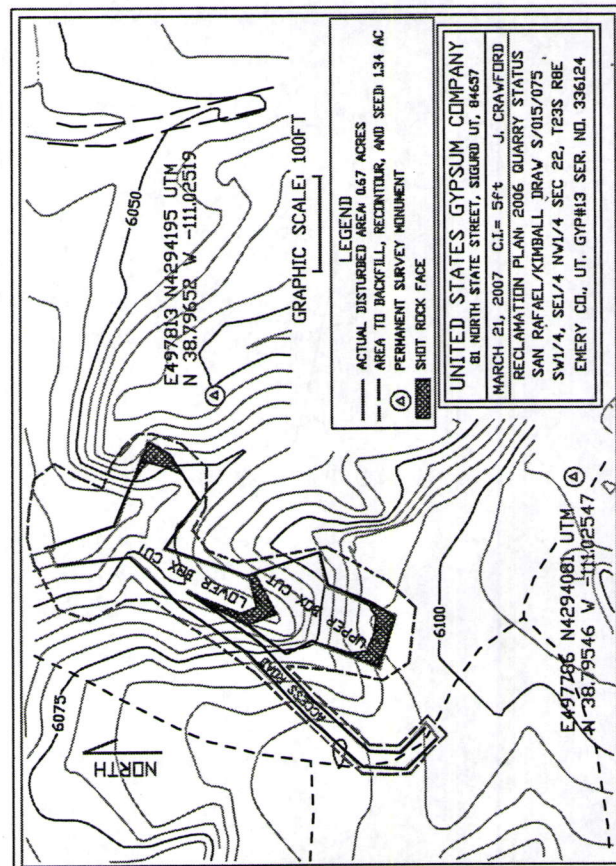
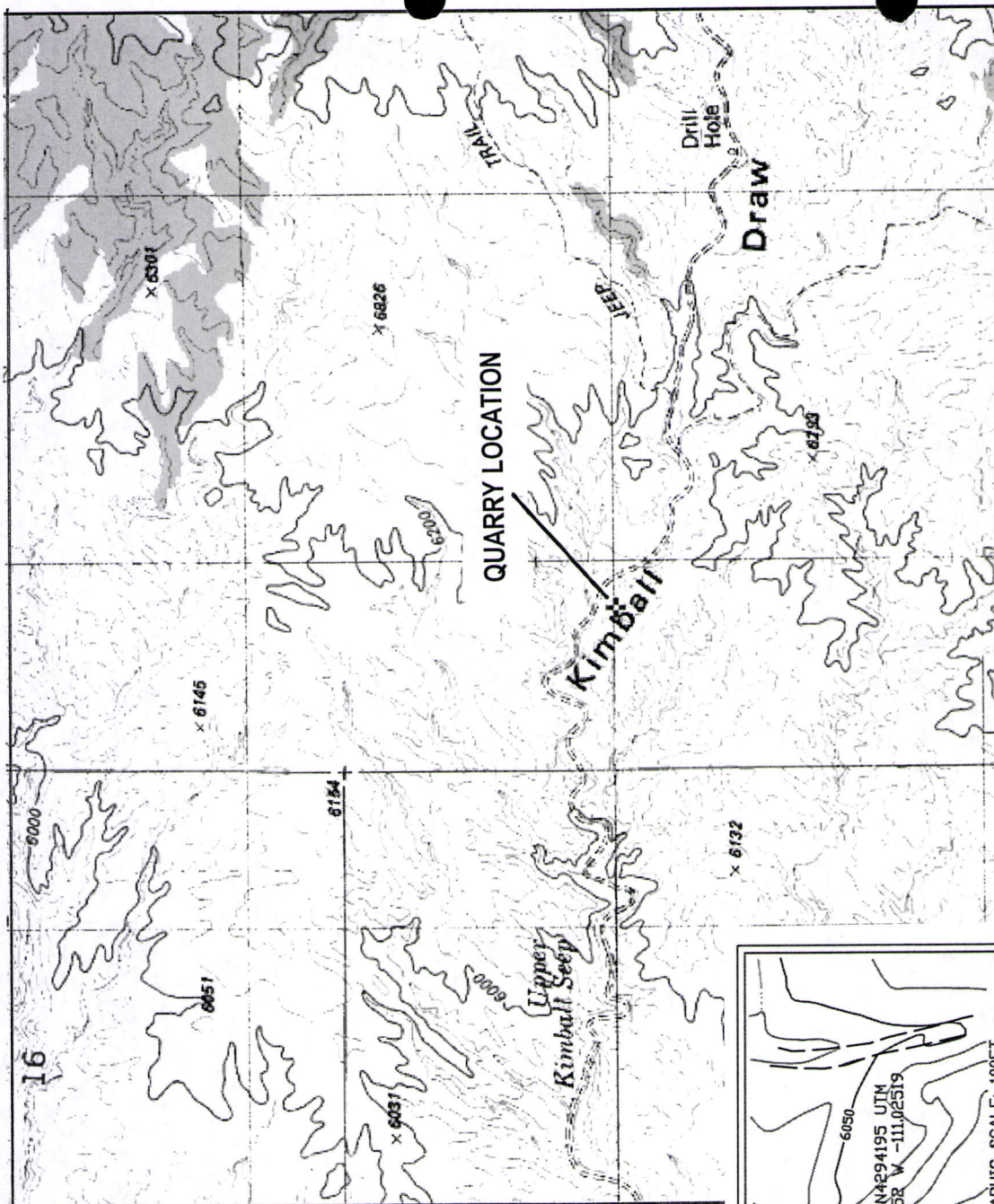
DIV. OIL GAS & MINING

**SAN RAFAEL-KIMBALL DRAW QUARRY
UNITED STATES GYPSUM COMPANY
M0150075, EMERY COUNTY, UT**

LOCATION AND DETAIL MAP

MARCH 2007 (REVISED)

APPROVED
APR 25 2007
DIV. OIL GAS & MINING



0 0.3 0.6 0.9 1.2 1.5 km
 0 0.1 0.2 0.3 0.4 0.5 mi
 38.7965°N, 111.0252°W (NAD83/WGS84)
USGS Big Bend Draw (UT) Quadrangle
 Projection is UTM Zone 12 NAD83 Datum

Amendment Attachment 2.

Part III. OPERATION PLAN (Rule 647-3-106)

5. Provide a brief description of the proposed mining operation and onsite processing facilities.

The mining of gypsum for test purposes at the San Rafael-Kimball Draw quarry S/015/075 was conducted by USG in 1999 under an approved Division of Oil, Gas and Mining Notice of Intention to Commence Small Mining Operations (NOI). The NOI was received by the Division in May 1999.

This description amends the 1999 NOI, and describes only a proposed reclamation plan of operation because the mining operation has ceased. USG does not intend to pursue future mine development in the Kimball Draw area.

A very small amount of gypsum was removed from the site--probably no more than a few hundred tons—and resulted in development of a small quarry consisting of two narrow box-cuts and a turn-around area. The current disturbance is shown in the below photos and in the map in **Amendment Attachment 1**. The area of the disturbance is 0.67 acre as determined by GPS surveying methods. The site was photographed (as below) and mapped by USG in October 2006. No solid waste materials were noted on-site.

An on-site inspection of the small quarry was conducted by specialist Paul Baker of the Division in 2003. In a letter to USG dated March 10, 2003, he provided recommendations on how to proceed with the reclamation. His recommendations included pulling material out of a small drainage and placing it in the access road to prevent access by ORV's. He also recommended that USG backfill two small exploration trenches immediately to the south of the USG quarry, located at the top of the hill. These trenches predate USG's operations. USG will comply with Mr. Baker's recommendations.

USG will comply with all requirements, as listed in **NOI Part IV, OPERATION AND RECLAMATION PRACTICES**.

The quarry faces will be backfilled with loose materials from a site near the access point to the quarry. This material consists of soils and poorly-sorted gypsiferous gravel and clay alluvium associated with the drainage of Kimball Draw. All disturbed areas, including pits, access roads, quarry faces and benches, will be graded to blend with the surrounding topography. Natural drainage patterns will be restored and channels reconstructed to facilitate normal runoff and prevent gully formation. All slopes in the disturbed area will be contoured to 3:1 (horizontal:vertical) or less. The equipment used during reclamation will consist of a bulldozer (with ripper attachment) and a tracked excavator.

Seed bed preparation will consist of moderate ripping or disking soils along contours to roughen up the surface for better seed emplacement. The following seed mixture will be used for revegetation, unless modified by the Division:

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

Common Name	Scientific Name	Pounds per acre
Galleta grass	<i>Hilaria jamesii</i>	2
Indian ricegrass	<i>Oryzopsis hymenoides</i>	4
Needle-and-thread grass	<i>Stipa comata</i>	2
Prostrate kochia	<i>Kochia prostrata</i>	3
Shadscale	<i>Atriplex confertifolia</i>	2
Green Mormon tea	<i>Ephedra viridis</i>	3
Yellow sweetclover	<i>Melilotus officinales</i>	2
Scarlet globemallow	<i>Sphaeralcea coccinea</i>	2



Upper box cut quarry face, October 2006. View toward southwest

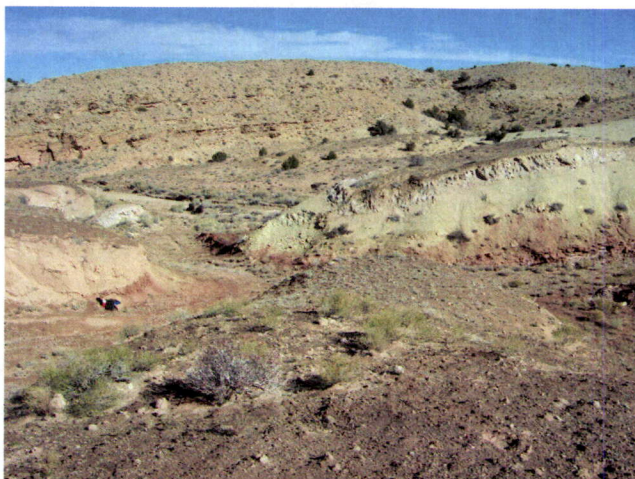


General southerly view of the quarry, October 2006. Quarry face at top of photo is enlarged in above photo with George Mynar

APPROVED

APR 25 2007

DIV. OIL GAS & MINING



General view of quarry and access road, looking north; note box cut to left and turn-around to right—note backpack on left for scale

APPROVED

APR 25 2007

DIV. OIL GAS & MINING

SAN RAFAEL-KIMBALL DRAW QUARRY
 UNITED STATES GYPSUM COMPANY
 M0150075, EMERY COUNTY, UT

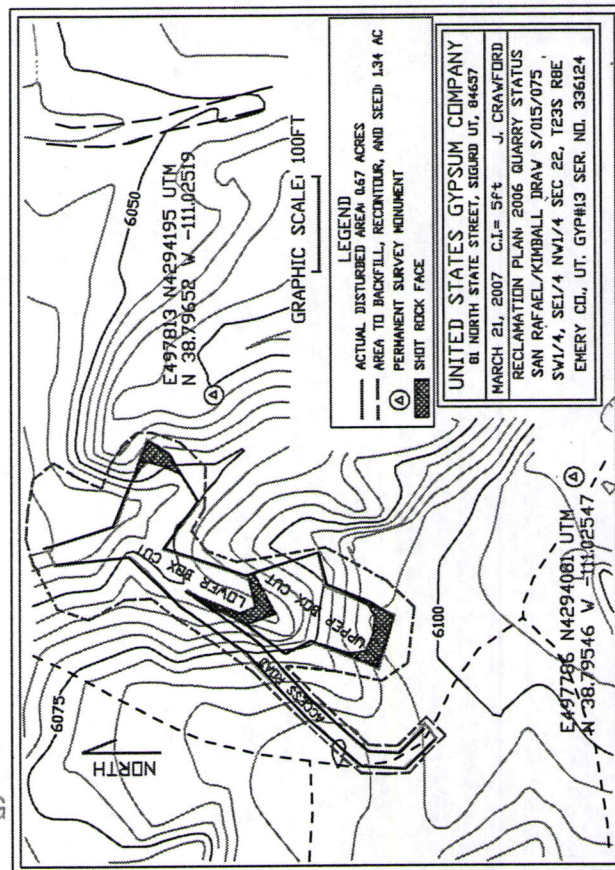
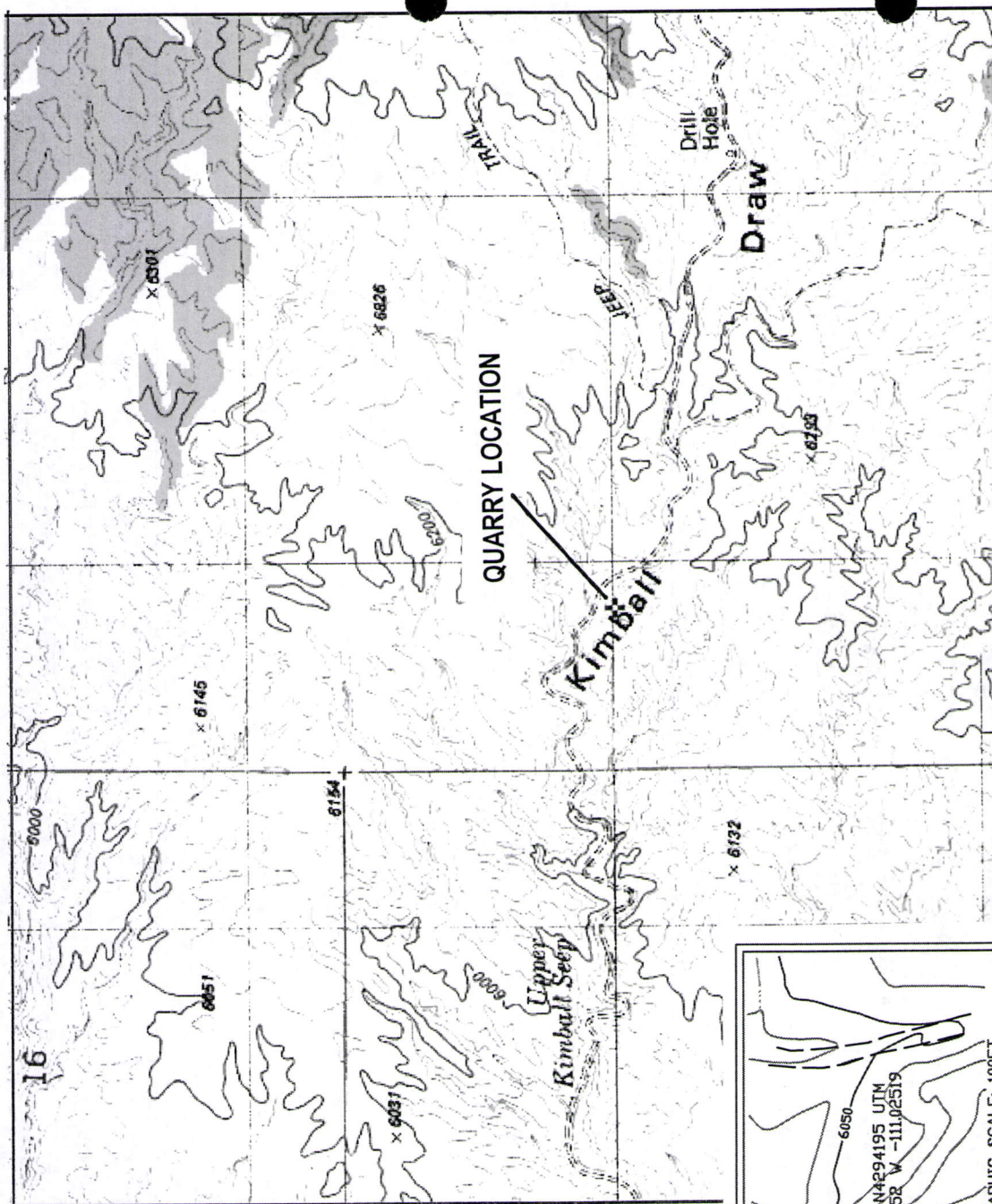
LOCATION AND DETAIL MAP

MARCH 2007 (REVISED)

APPROVED

APR 25 2007

DIV. OIL GAS & MINING



LEGEND
 — ACTUAL DISTURBED AREA 0.57 ACRES
 — AREA TO BACKFILL, RECONSTRUCT, AND SEED 1.34 AC
 (A) PERMANENT SURVEY MONUMENT
 SHUT ROCK FACE

UNITED STATES GYPSUM COMPANY
 81 NORTH STATE STREET, SALT LAKE CITY, UT 84103
 MARCH 21, 2007 C.L. = 5' ± J. CRANFORD
 RECLAMATION PLAN 2006 QUARRY STATUS
 SAN RAFAEL/KIMBALL DRAW S/015/075
 SW1/4, SE1/4 NW1/4 SEC 2E, T23S R8E
 EMERY CO., UT. GYP#13 SER. NO. 336124

RECEIVED

MAR 28 2007

DIV. OF OIL, GAS & MINING

38.7965°N, 111.0252°W (NAD83/WGS84)
 USGS Big Bend Draw (UT) Quadrangle
 Projection is UTM Zone 12 NAD83 Datum